

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 INR-07 NSAE-00 RSC-01 FAA-00 L-02 TRSE-00 PA-01

USIA-06 PRS-01 SP-02 /042 W
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R 071715Z JAN 75

FM USMISSION USBERLIN

TO AMEMBASSY BONN

INFO SECSTATE WASHDC 320

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L USBERLIN 25

E.O. 11652: GDS

TAGS: ETRN, WB, GW

SUBJECT: IGS FARE INCREASES

REFS: A) USBERLIN 0012; B) STATE 001320

1. BERLIN PAPERS JAN 5 REPORTED REGULAR SENAT SESSION
JAN 7 WILL DEBATE INCREASE IN BERLIN AIR FARES WHICH
WAS FIRST SURFACED IN PRESS JAN 4 (REF A). IN
ADDITION TO AGREED PRESS LINE, PAN AM SPOKESMAN SAID
7.5 PERCENT FARE INCREASE APPLICATION HAD BEEN MADE TO BONN CAAS
ON BASIS ON INCREASING OPERATING COSTS. SPOKESMEN OF
THHREE POLITICAL PARTIES REGRETTEED NEED FOR FARE INCREASE
BECAUSE OF FURTHER REDUCTION IN AIR TRAVEL THEY EXPECTED
WOULD RESULT, AND ONE PAPER (MORGENPOST) TWITTED ALLIES
FOR DELAY IN INFORMING SENAT OF NEED FOR FURTHER FARE
INCREASE. HOWEVER, TAGESSPIEGEL JAN 7 EDITORIALIZED
THAT BERLINERS WOULD HAVE TO ACCUSTOM THEMSELVES TO SUCH
UNPLEASANT ECONOMIC REALITIES, WHICH WERE WORLDWIDE
PHENOMENA, AND NOTED POLITICIANS' CRITICISM
OF INCREASED RAIL FARES AND POSTAL RATES WAS RELATIVELY
MUTED.

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2. IN VIEW OF CONCERN EXPRESSED BY SENAT OFFICIALS

OVER ADDITIONAL DISCLOSURES BY PAN AM, MISSION AGREED
JAN 6 AFTER CONSULTATION WITH EMBASSY, WITH BRITISH
THAT SENAT BE TOLD BY ALLIES OF GENERAL OUTLINES OF
FARE INCREASE PROPOSAL SIMULTANEOUSLY WITH SIMILAR
APPROACH SAME DAY BY CAAS TO FRG FOREIGN OFFICE.
BRITISH MINISTER ACCORDINGLY PROCEEDED TO PASS WORD
TO SENATOR FOR FEDERAL AFFAIRS STOBBE, BUT THEN WENT
ON TO ALLUDE TO ALLIED STUDY OF "LONG TERM SOLUTIONS"
FOR THE IGS TO PUT IT ON "GOUND ECONOMIC FOOTING".
BRITISH TOLD SENAT STUDY WOULD BE PRESENTED TO FRG
FOREIGN MINISTRY IN NEAR FUTURE.

COMMENT: BRITISH REFERENCE TO DRAFT PAPER ON
IGS AS "ALLIED" STUDY PRESUMES FRENCH CONCURRENCE,
WHICH WE BELIEVE HAS YET TO BE OBTAINED.)

3. FOLLOWING SENAT SESSION, PRESS SPOKESMAN STRUVE
CONFIRMED THAT SENAT HAD BEEN INFORMED BY ALLIES
JANUARY 6 ABOUT AIRLINE REQUEST FOR FARE INCREASES.
HE SAID SENAT REGRETTEED THIS THIRD INCREASE IN PAST
YEAR, BUT IN RESPONSE TO QUESTION WENT ON TO SAY HE
SAW NO POSSIBILITY FOR INCREASE IN FEDERAL SUBSIDIES
FOR IGS. BERLIN CHAMBER OF COMMERCE AND INDUSTRY IN
JANUARY 7 STATEMENT SHARPLY CRTICIZED PROPOSED FARE
HIKE AS REFLECTING "BUSINESS POLITICS" OF ALLIED
AIRLINES AND POINTED OUT THAT POLITICALLY MOTIVATED
SHIFT TO SURFACE TRAVEL WAS NOT LONGER FACTOR IN
DROP IN AIR TRAVEL. CHAMBER FEARED THAT SCHEDULED
AIR SERVICE WAS ON VERGE OF LOSING ITS CHARACTER AS
MEANS OF MASS TRANSIT AND APPEALED TO
INTERESTED PARTIES TO PROMOTE BERLIN ECONOMIC INTERESTS
BY CONTINUING TO MAKE IT POSSIBLE TO HAVE RAPID
COMMUNICATION WITH WEST GERMAN CENTERS.SELIGMANN

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